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Item 8 of the provisional agenda*

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Item 6 of the provisional agenda**

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REPORT ON THE PREPARATIONS FOR UNIDO II

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Special Session, which could be held in Addis Ababa, the Headquarters of ECA, or Nairobi since Kenya, at the Eighth Conference of African Ministers of Industry, has expressed the possibility of holding the meeting.

4. The purpose of this paper, therefore, is to provide (i) background information on the preparatory activities underway in Africa for the Second General Conference of UNIDO and (ii) an overview of problems related to the agenda items proposed by the Eighth Conference of African Ministers of Industry and which are of relevance to the industrial development efforts of African countries. The present meeting may wish, in the light of the information provided, to recommend to the Special Session of the Conference of African Ministers of Industry specific issues on which particular emphasis should be put.

II. PREPARATORY ACTIVITIES

1. Industrial Development Board of UNIDO

5. As indicated above, the Industrial Development Board of UNIDO met in Vienna, Austria from 13 to 23 October 1986 to decide on the agenda items of the Second General Conference of UNIDO. However, there was no agreement on the agenda among various groups of countries and it was decided that the issue will be taken up again by the next meeting of the Board. This situation made it difficult for the secretariats of ECA, OAU and UNIDO to implement fully the decision of the Eighth Conference of African Ministers of Industry to prepare and present to the Special Session of the Conference of African Ministers of Industry proposals for the African Common Position based on the agenda for the Second General Conference. However, as it will be explained later, such Common Position is under preparation on the basis of the issues highlighted by the Eighth Conference of African Ministers of Industry.

2. Joint Committee of the ECA, OAU and UNIDO Secretariats on IDDA

6. The Sixth Regular Meeting of the Joint Committee of the ECA, OAU and UNIDO secretariats held at ECA Headquarters in Addis Ababa, EThiopia from 18 to 20 February 1987 also reviewed the process of preparation for the Second General Conference of UNIDO. Specifically, the meeting discussed modalities for implementing the decisions of the Eighth Conference of African Ministers of Industry with respect to the Special Session.

7. The meeting recommended that, since the agenda for UNIDO II had not yet been agreed upon, the three secretariats should proceed with the preparation of the African Common Position on the basis of the items proposed by the Eighth Conference of African Ministers of Industry. The draft document that could be prepared will be adjusted as and when the agenda of UNIDO II will be decided upon by the Industrial Development Board of UNIDO. The meeting further recommended that the African Group in Vienna should continue negotiations with other regional groups to ensure that the above items are included in the agenda for UNIDO II.

3. The Permanent Steering Committee of the OAU

8. The issue of the Second General Conference of UNIDO was also presented to the Seventh Regular Meeting of the Permanent Steering Committee of OAU held in Addis Ababa, Ethiopia from 2 to 3 March 1987. On the basis of the information provided by the three secretariats of ECA, OAU and UNIDO the Permanent Steering Committee of the OAU discussed various issues related to the Preparation for UNIDO II.

9. The Permanent Steering Committee endorsed the recommendations of the Joint Committee of ECA, OAU and UNIDO secretariats on IDDA with respect to the preparation process of the African Common Position. They also called on all OAU member States of the Industrial Development Board of UNIDO to participate effectivelh in the inter-group negotiations and consultations in Vienna, so as to reflect Africa's concern with regard to the Agenda of UNIDO II. The need for logistic and technical support by the Secretariats of ECA, OAU and UNIDO thought those negotiations was also emphasized by the Permanent Steering Committee.

III. OVERVIEW OF PROBLEMS RELATED TO THE AGENDA ITEMS PROPOSED BY THE EIGHTH CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

10. The proposal by the Eighth Conference of African Ministers of Industry to include specific items in the agenda of the Second General Conference of UNIDO was aimed at ensuring that the Organization's future activities are directed towards Africa's industrialization in the context of the IDDA. It was also aimed at sensitizing the International Community to the need of the African region as contained in Africa's Priority Programme for Economic Recovery and Development 1986-1990 (APPER) and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD). In both programmes, the role of Industry has stressed especially in support to the recovery and development of the agricultural sector. The following review the basic issues related to items proposed by the Eighth Conference of African Ministers of Industry.

1. The Programme for the Industrial Development Decade for Africa

11. The Eighth Conference of African Ministers of Industry requested the three secretariats of ECA, OAU and UNIDO to prepare a mid-term evaluation of the IDDA to be submitted to Ninth Conference in 1988. In addition, two IDDA-related documents have been prepared and submitted to the Eighth Meeting of TEPCOW namely (i) The Sixth Joint ECA/OAU/UNIDO progress report on the activities of the three secretariats for the Implementation of the IDDA and (ii) Problems and constraints to the implementation of the programme for the Industrial Development Decade for Africa, E/ECA/CM.13/21. Both documents point to little progress achieved in the implementation of the IDDA. The reasons for such situation, there is, undoubtedly the insufficient attention given to the IDDA programme by the International Community.

12. The main constraints related to the implementation of the Decade programme have been mainly the inadequacy of financial resources, the insufficiency of skilled manpower and the shortage of required technological capabilities. When adopting the Decade programme, the International Community had agreed to complement African countries' own efforts especially in the above areas. Five years after the adoption of the Decade programme, and in spite of tremendous efforts by some member States, Africa still depends heavily on developed countries in such areas as petro-chemicals, pharmaceutical and capital goods. As a result, the continent still imports a large part of its manufactured goods thus widening further the already large trade deficit and worsening Africa's external indebtedness. The main issue to be addressed at the forthcoming UNIDO II is the devising of ways and means of reversing the above trends. In this regard it was recognized by the Eighth Conference of African Ministers of Industry that a Second IDDA would have to be proclaimed with specific targets to be achieved and concrete commitments by the International Community.

13. The International Community should therefore be urged to adopt a more positive attitude towards industrialization of Africa along the lines contained in the Lagos Plan of Action and the programme for the Decade. Technical assistance in the development of human resources and technological capabilities to assist African countries, African intergovernmental organizations, are the basic self-sustained industrial base in Africa.

2. The contribution of UNIDO to the restructuring and rehabilitation of African Industry as well as the negotiation of new industrial projects

14. The drought-related economic crisis that confronted most of the African countries during the period 1984-1986 has also had disastrous consequences on African industries. The shortage of industrial raw materials and the shortage of foreign exchange resources resulting in the inability of African countries to import the necessary spare parts or to acquire the necessary foreign expertise to ensure the maintenance of existing equipment have made most of the few existing African industries to operate at very low capacity, or forced many of them to close down.

15. To rehabilitate the existing industries, specific measures were outlined both in APPER and UN-PAAERD including these rehabilitating African economies and imed at making the industrial sector more supportive to agriculture. Actions required include the rationalisation of existing agro-related industries and the rehabilitation and development of resource-based industries directly linked to agriculture such as those producing fertilizers, pesticides, metal products, irrigation equipment, agricultural tools and implements and the associated spares and components. To achieve the above objectives, appropriate mechanisms for effective promotion of industrial investment should be devised as well as measures for strengthening Africa's capacities for project preparation, management and monitoring.

16. The forthcoming Second General Conference of UNIDO provides the opportunity to ensure that the Industrial Component of the UN-PAAERD is fully taken into account in the programme and activities of UNIDO. Also, adequate resources should be provided to the Organization with a view to carrying out specific activities related to UN-PAAERD in the field of industry.

3. Development of human resources and technological capabilities for industrial development

17. Inadequacy of skills and knowledge as well as technological capabilities constitute part of the basic constraints on African industrialization efforts. Though the continent is endowed with abundant and diversified natural resources, the necessary skills and capabilities as well as the practical experience is lacking in many African countries.

18. The above situation has led to the continued heavy dependence on imported technology and technical services, improperly trained technical personnel not able to operate industrial plants efficiently. In addition to the direct assistance provided to individual African countries, the International Community should be urged to support technically and financially regional institutions such as the African Regional Centre for Technology (ARCT) and the African Regional Centre for Engineering Design and Manufacturing (ARCEDEM). The strengthening of such institutions would in turn benefit to African member States especially in the areas of technological development, technological

adaption design and manufacturing of capital goods required. Therefore, the Second General Conference of UNIDO provides the opportunity to devise a concrete programme of action towards the development and strengthening of Africa's technological and manufacturing capabilities. Such a programme of action should include not only the transfer and adaptation of existing technologies, but also the development of appropriate technologies adapted to Africa's conditions and the acquisition of new technologies.

19. A special attention should be given to available opportunities in the framework of the cooperation among developing countries. Indeed, the experiences of Asian and Latin America in their ongoing industrialization process should benefit African countries, because of historical and geographical similarities. Hence the African region should, in the context of a Common Position of the Group of 77 for UNIDO II, endeavour to devise a specific and concrete cooperation framework with other developing regions.

4. Industrial Financing

20. Adequate financial resources are of paramount importance for the implementation of Africa's industrial programmes and projects. Unfortunately, the escalating crisis that confronted Africa since the launching of the Lagos Plan of Action in 1980, has made it difficult to mobilize the necessary financial resources required for the implementation of national projects as well as the agreed integrated multinational core projects of IDDA programme. In addition the available domestic resources were primarily used for the rehabilitation and development of the priority sector of food and agriculture. Africa's industrialization depends therefore on modalities and conditions for obtaining adequate financial resources from bilateral and multilateral sources.

21. In view of the above situation, Africa must ensure that due consideration should be given by the Second General Conference of UNIDO to ways and means for ensuring external financing and the industrial sector at sustainable conditions. In this regard concrete proposals should be formulated especially by the Special Session of the African Ministers of Industry. More specifically, in view of the difficulties for making the African Industrial Development Fund (AIDF) operational because of lack of initial funds, the International Community should materialize its solidarity in making voluntary contributions to the Fund. It should be recalled that the AIDF has been created for prefeasibility and feasibility studies and should be managed by the African Development Bank.

5. The System of consultations

22. The UNIDO System of Consultations has proved to be a useful forum as it provides a framework for developed and developing countries to discuss modalities for industrial restructuring, joint ventures, product sharing agreements in various sub-sectors. African countries should ensure that the system of consutlation be stregthened and widened to include regional consultation meetings relating especially to capital goods industries and industrial financing.

23. On its part, the donor community should also provide adequate resources to enable the organization of consultation meetings including those required for regional and subregional meetings. In this regard, the forthcoming General Conference of UNIDO provides the opportunity to devise a framework for the strengthening of the existing system of consultation.

6. Institutional arrangements

24. The new structure of UNIDO after its transformation into a specialized agency should reflect Africa's concern and problems related to its industrialization. Hence Africa's representation in the UNIDO Secretariat should be reflected in the decision-making process of the Organization. The African Group should ensure that such requirement, which is of paramount importance be taken into account at the Second General Conference of UNIDO. Also, the issue of unbalanced distribution of Senior Industrial Development Field Adviser (SIDFAS) should be such that Africa receives more assistance and special advise over a whole range of industrialization matters. In this regard, there is need for an increase in the number of SIDFAS in Africa.

25. Another related issue is the establishment of regional offices by the new UNIDO to assist in overcoming current structural deficiencies and bottlenecks in existing channels of communications, and to oversee the entire work of UNIDO in the region as it is presently in some UN specialized agencies. Also, the need to strengthen cooperation among the secretariats of the Regional Commissions and UNIDO is yet another issue requiring attention. In addition, to the harmonization of their respective programmes so as to avoid duplication and ensure complementarity, there is need to clearly define the respective responsibilities of UNIDO and the Regional Commissions in developing regions. In this regard, the Regional Commissions, which oversee the entire development process of the region including in particular their multidimensional and multisectoral nature, should be entrusted with policy, planning and institutions building as well as with industrial promotion at multinational, subregional and regional levels.